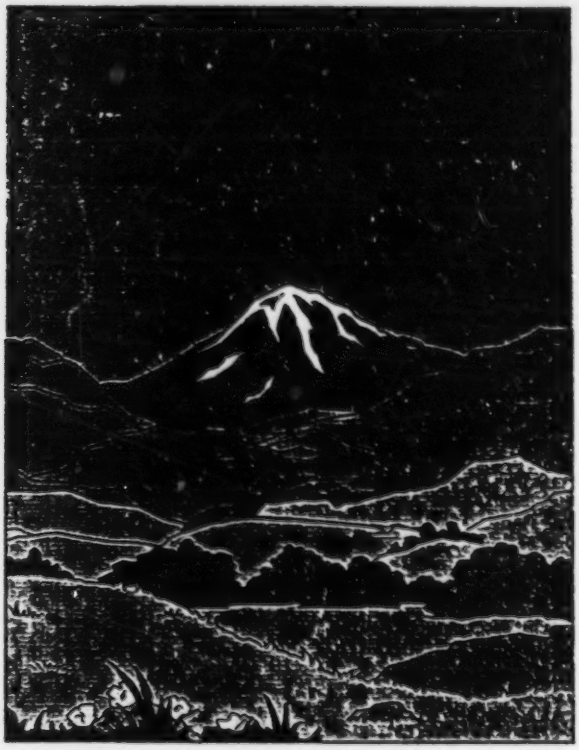
TOURISM DESTINATION REGION REVIEW



REPORT AND RECOMMENDATIONS

NOVEMBER 12, 1999

LEGISLATIVE ASSEMBLY
ALBERTA

JOCELYN BURGENER, MLA
Calgary Currie Constituency

November 12, 1999

The Honourable Jon Havelock
Minister of Economic Development
103 Legislature Building
Edmonton, Alberta
T5K 2B6

Dear Jon:

I am pleased to present the *Tourism Destination Region Review*, dated November 12, 1999. It has been a challenge to capture the dynamics of the tourism industry, however, I am confident the findings and recommendations will provide you with substantive and relevant material to address regional tourism marketing issues currently facing the Province.

I have appreciated the extension of the time lines for completing this review. As we have discussed, the introduction of the Strategic Tourism Marketing Plan, in June of this year, provided an opportunity to augment the original review with current information and feedback. This has been reflected in the report.

The key issues for the Tourism Destination Regions continue to be funding, boundaries, accountability, communication and integration within the overall Provincial strategy. I believe the key findings, issues and recommendations will provide you with an opportunity to further engage the industry in effective tourism marketing opportunities.

It is important to note that the TDRs vary in their approach to marketing and indeed their purpose within the regions they serve. In my observation the economic impact of regional tourism marketing remains an important element of the Alberta Advantage. However, national and international opportunities must also be accommodated within our provincial strategy if we are to truly position our Province competitively, in global tourism marketing.

In conclusion, I would like to acknowledge the support provided through Alberta Economic Development, GPC Communications, and the work of the TDR Advisory Committee in developing and preparing this report. As a result of your initiative to tour the province last June, key information was provided by many individuals and operators associated with tourism marketing. It is important to recognize their contribution to this report.

Yours truly,

Jocelyn Burgener

Jocelyn Burgener, MLA Calgary-Currie
Chair, MLA Liaison Committee for Tourism Destination Regions

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TABLE OF CONTENTS

1.0 INTRODUCTION.....p.2

2.0 EXECUTIVE SUMMARY.....p.3

3.0 BACKGROUND.....p.9

4.0 TERMS OF REFERENCE.....p.10

4.1 TDR REVIEW PROCESS.....p.10

4.2 TDR ADVISORY COMMITTEE.....p.11

4.3 CONSULTATION PROCESS.....p.12

5.0 FINDINGS AND RECOMMENDATIONS.....p.12

5.1 RESPONSE TO TERMS OF REFERENCE QUESTIONS.....p.14

APPENDICES

- APPENDIX 1

  ADVISORY COMMITTEE MEMBERS.....p.24

- APPENDIX 2

  MAP OF TOURISM DESTINATION REGIONS.....p.26

- APPENDIX 3

  SUMMARY OF GPC COMMUNICATIONS KEY FINDINGS AND CONCLUSIONS OF THE CONSULTATION PROCESS.....p.28

- APPENDIX 4

  PROPOSED TERMS OF REFERENCE FOR TDR BOUNDARY REVIEW.....p.36

1.0 INTRODUCTION

The Tourism Destination Region (TDR) review process was initiated in March 1999, chaired by Denis Herard , MLA Calgary Egmont. An Advisory Committee of tourism industry members having direct involvement with the operations and services provided by the TDRs was appointed by the Minister of Economic Development to work with the Chair throughout the review process (see Appendix 1- Advisory Committee Members).

Jocelyn Burgener, MLA Calgary Currie, assumed responsibility as Chair of the TDR review from Mr. Herard on June 1, 1999, following Premier Ralph Klein's announcement of a reorganization of government.

The consulting firm of GPC Communications was retained to design and conduct a province-wide TDR stakeholder consultation process during the month of May 1999. A summary report on key findings of the consultation process is attached as Appendix 3. The complete consultant stakeholder review report is available upon request.

The TDR Review Chair also participated in a series of regional tourism meetings, initiated by the Hon. Jon Havelock, Minister of Economic Development, held across Alberta in June and July, where input was received from tourism stakeholders on a number of issues, including marketing at the regional and local level.

The Advisory Committee provided input in a series of meetings throughout the review process. Their work concluded at a meeting held on July 20, 1999, during which they provided additional input to the Chair on key issues identified in the consultant report. This report outlines overall key findings and recommendations for consideration on the future operations, boundaries, and funding provided by government, in support of Alberta's six Tourism Destination Regions.

2.0 EXECUTIVE SUMMARY

The tourism industry in Alberta in all its facets, is in a state of transition. The establishment and findings of the Tourism Destination Region (TDR) review process is an important part of that transition.

The review was established in March of 1999, chaired originally by Denis Herard, MLA Calgary Egmont, as a component of the new framework for tourism marketing announced in August of 1998. Within that framework a $1.5 million regional marketing program, delivered through the TDRs, was developed for the first year (1999/2000), with an equal allocation of $250,000.

The Hon. Jon Havelock, Minister of Economic Development appointed Jocelyn Burgener, MLA Calgary Currie, to the Chair on June 1st 1999. In conjunction with the Advisory Committee, the Strategic Tourism Marketing Council (STMC) and Travel Alberta, the review is an integral part of Alberta Economic Development Business Plan.

The Background and Terms of Reference are outlined within the report together with relevant appendices. The Recommendations speak to the key elements identified in the review process. However, it is important to acknowledge the context within which these recommendations will be considered. The announcement of the Strategic Tourism Marketing Plan (STMP) in June of the year, together with the tour of the Province undertaken by the Minister identified additional issues for the TDR review process. These include:

-Integration of the TDRs with in the STMP

-Boundary Issues

-The relationship of the TDRs to each other

-Sustainable and equitable funding

Consequently, within the review process I renewed my commitment to respond to the current dynamic of tourism marketing within the Province and provide recommendations which were not specifically contemplated in the original terms of reference established in 1998, but which are now relevant, substantive and integral for future regional tourism marketing strategies for Alberta Economic Development.

For your consideration, the questions posed in the original terms of reference are highlighted in section 5.0. of the report. The "Recommendations" which follow are supported by both the "Issues" and the "Key Findings" as established by the GPC Communications stakeholder consultation review, together with material collected since assuming the Chair. In summary these include:

Question #1

Is the network of TDRs and the funding arrangements with the province the best mechanism for delivering provincial financial support for regional marketing activities in the long term?

Recommendations:

1. Maintain a network of regional tourism marketing organizations, within the context of the overall provincial tourism marketing framework, for the delivery of financial support.
2. Funding for the TDRs should be continued as a component of provincial funding for Alberta's tourism industry
3. Direct the network of TDRs, Travel Alberta and contractors to better coordinate their marketing activities with each other, within the context of the Strategic Tourism Marketing Plan.

Question #2

Are changes required to the existing TDR network? What are they?

Recommendations:

1. Maintain six regions to provide stability within the industry and to allow for the successful implementation of the Strategic Tourism Marketing Plan.
2. Realign the boundaries between Alberta's North and Heartland, and Alberta's South and Heartland.

3. Immediately establish a working group chaired by the STMC to realign those boundaries in question (see Appendix 4 - Proposed Terms of Reference for a TDR Boundary Review).
4. There should be freedom for operators, communities and related tourism marketing organizations to participate in cross-marketing initiatives within or outside the TDR, without being constrained by DMO membership affiliation.
5. Develop strategies to link the TDRs to Travel Alberta marketing contractors.
6. Ensure the TDRs have access to market information and research which is cost effective, timely, consistent and portable.

Question # 3

Are changes required to the province's current funding arrangements with the TDRs? What are they?

Recommendations:

1. Funding for TDRs should form part of Alberta Economic Development's rolling three-year department business plan.
2. Maintain the current equal allocation of funding ($250,000 per TDR) through fiscal year 2000 – 2001.
3. A review of future allocation of funds to the TDRs should be undertaken on a business case and performance measures basis.
4. A clear statement of guidelines should be developed to explain additional funding strategies available to the TDRs through linkages with the residential and national/international contracts.

5. Develop an administration framework that supports effective marketing and operation of the TDR offices.
6. Develop strategies and guidelines for professional development for TDR managers.
7. Review existing TDR leveraging policies and in-kind funding as part of the overall leveraging analysis within the tourism marketing contract framework.
8. Calgary, Edmonton and Rocky Mountain TDRs to develop strategic plans in consultation with Travel Alberta in order to address the decline in national and international market share.

Question # 4

Was the process that was used in the fall and winter of 1998 effective in obtaining TDR input into how the TDR budgets for 1999/2000 were prepared? Did the process assist in the TDR marketing planning process? If not, what can be done to improve the business and budget planning process in the future?

Recommendations:

1. Ensure effective communication between the TDRs and Travel Alberta to:
   - Improve TDR use of technology (intranet and internet).
   - Profile TDR activities and personalities within the Travel Alberta Intranet site and Quarterly Newsletter.
   - Provide a networking process for TDRs to input to Travel Alberta and the Strategic Tourism Marketing Plan (STMP)
2. Travel Alberta, in concert with the TDRs, should develop a brochure that articulates the role, goals and objectives of TDRs.

3. Direct Travel Alberta to provide TDRs with marketing planning information and guidelines, prior to annual budgets and marketing plans being established.

Question # 5

What can be done to strengthen accountability for public funding allocated to the regional network marketing program in the new tourism marketing framework?

Recommendations:

Part One: Administrative

1. In consultation with the TDRs, simplify the current reporting structure to reflect the administrative responsibilities of the TDRs for the 2000 - 2001 budget year.
2. Require TDRs to publish a standardized annual report, in consultation with Travel Alberta.

Part Two: Marketing

1. Travel Alberta should establish a process to regularly review TDR marketing plans, objectives and budgets, and track progress and achievements.
2. Approval of the TDR marketing plan, by Travel Alberta is required prior to the allocation of provincial funding to the TDR.

Supplemental Question:

Are the TDRs willing to assume responsibilities for Visitor Information Centres?

Recommendations:

1. Recommend status quo until a review of VIC contracting opportunities, currently underway through Alberta Economic Development, is completed.

3.0 BACKGROUND

Tourism is identified as one of three core businesses in Alberta Economic Development's 2000/2001 Business Plan. The Department, in conjunction with the Strategic Tourism Marketing Council and Travel Alberta, focuses on the development and marketing of the tourism industry. Key objectives are:

- Increase Alberta's share of visitors and revenue from targeted international and Canadian markets.
- Facilitate the growth and expansion of marketable tourism product.

Over the past few years, a number of factors have led up to the current TDR review. These are summarized as follows:

- Alberta's six TDRs were formed in 1996 through the Alberta Tourism Partnership Corporation (ATPC). This resulted from the dissolution of the former Tourism Industry Association of Alberta (TIAALTA), which encompassed 14 tourism zones in the province. Boundaries were established on census division and sub-division lines (reference: Appendix 2 - Map of TDRs).

- Through a contract with Alberta Economic Development, the ATPC was responsible for the allocation of funds to each of the six TDRs for marketing and administration. This allocation occurred through a contract between each TDR and the ATPC.
- In January 1998, the government announced it was terminating its contract with the ATPC, and appointed an Interim Manager to provide government-funded tourism marketing services.
- A new framework for tourism marketing was announced in August 1998, which increased government funding to $16.4 million beginning April 1, 1999.
- As a component of the framework, the Travel Alberta Secretariat was established, under the guidance of a Strategic Tourism Marketing Council, to take over the delivery of marketing programs and services from the Interim Manager.
- A $1.5 million regional marketing program delivered through the TDRs was included as a component of the framework for the first year (1999/2000), with an equal allocation of $250,000 for each TDR.
- A commitment was made at that time for a committee to be struck to provide recommendations on how best to support regional marketing activities over the long term.

4.0 TERMS OF REFERENCE

4.1 TDR Review Process

The Terms of Reference for the TDR Review process focussed its attention on the following questions:

1. *Is the network of TDRs and the funding arrangements with the province the best mechanism for delivering provincial financial support for regional marketing activities in the long term?*
2. *Are changes required to the existing TDR network? What are they?*
3. *Are changes required to the province's current funding arrangements with the TDRs? What are they?*
4. *Was the process that was used in the fall and winter of 1998 effective in obtaining TDR input into how the TDR budgets for 1999/2000 were prepared? Did the process assist in the TDR marketing planning process? If not, what can be done to improve the business and budget planning process in the future?*
5. *What can be done to strengthen accountability for public funding allocated to the regional network marketing program in the new tourism marketing framework?*

A supplemental question was added to the stakeholder review:

Are the TDRs willing to assume responsibilities for Visitor Information Centres?

4.2 TDR Advisory Committee

The mandate for the TDR Advisory Committee was established as follows:

- Assist with issues identification.
- Provide direction and feedback on the consultation process.
- Assist in defining the methodology for obtaining stakeholder input and the content of survey questions.

- Identify key stakeholders to be interviewed and appropriate times and locations for interviews.
- Provide feedback on the content of the consultant's findings and draft report.

4.3 Consultation Process

The consultation process was aimed at stakeholders who were directly involved or impacted by the operations and marketing activities of the TDRs rather than the tourism industry at large. A broad-based tourism industry consultation process to assist with defining the new tourism marketing framework was completed a year earlier in May 1998, but did not specifically address issues related to the TDRs.

The terms of reference for the TDR review initially proposed holding a series of industry workshops at six locations across the province to capture stakeholder input. The TDR Advisory Committee suggested that timing and travel distances would significantly limit participation and input. As a result, a combination of personal and telephone interviews and mail-back surveys was agreed upon and implemented to replace the workshop format.

5.0 FINDINGS AND RECOMMENDATIONS

A variety of input was received throughout the review period, which reflects geographic, organizational, and product maturity differences within each of Alberta's six Tourism Destination Regions. The results of the stakeholder review are broadly represented in this report's recommendations. Outside of responding to the key questions asked in the

TDR review terms of reference, there were some notable highlights from the input received. These include:

- There is no common format as to how each TDR is structured or operates.
- There is a general lack of awareness of the role TDRs play in marketing Alberta's tourism products, attractions and events.
- The tourism industry is starting to stabilize after several years of uncertainty.
- There is genuine concern within the industry that Alberta has lost market share.

The consultant report summarizing the input received through the stakeholder consultations was prepared on an individual TDR "case study" approach. Input was categorized within each TDR by identifying:

- Strengths
- Weaknesses/problems
- Concerns expressed by TDR administration
- Issues identified by operators

It is hoped this approach will provide information whereby comparisons can be made between the TDRs to identify processes to improve the effectiveness of their operations and marketing activities.

5.1 Response to Terms of Reference Questions

Question #1

Is the network of TDRs and the funding arrangements with the province the best mechanism for delivering provincial financial support for regional marketing activities in the long term?

Issues:

- There was major concern that the new tourism marketing framework would not provide government funding to the TDRs beyond the current fiscal year (1999/2000), which would threaten the ability of some of the TDRs to continue operations.
- With the formation of Travel Alberta, and the issuance of marketing contracts for resident and national/international marketing, the TDRs were unclear over their future role within the tourism framework.

Findings:

- The existing network of TDRs is a reasonable component of the overall tourism marketing framework.
- The TDRs are working with Travel Alberta toward identifying their roles in coordinating core local and regional tourism marketing, and providing support at the grassroots level.
- A network of TDRs is consistent with government's overall strategy to support local decision-making and ensure accountability.

Recommendations:

1. Maintain a network of regional tourism marketing organizations, within the context of the overall provincial tourism marketing framework, for the delivery of financial support.
2. Funding for the TDRs should be continued as a component of provincial funding for Alberta's tourism industry
3. Direct the network of TDRs, Travel Alberta and contractors to better coordinate their marketing activities with each other, within the context of the Strategic Tourism Marketing Plan.

Question #2

Are changes required to the existing TDR network? What are they?

Issues:

- Each region has unique products and services, and different target markets, resulting in a strong sense of independence for each TDR in terms of structure and operations. This can lead to duplication of marketing activities and a lack of co-ordination and communication between the TDRs.
- The TDRs do not feel part of the overall tourism marketing framework, and are lacking in information about Alberta's tourism strategies.
- There is an active lobby for boundary changes and/or increasing the number of TDRs. These comments come from some communities, as well as some Destination Marketing Organizations (DMOs).
- There is no process in place to adjust TDR boundaries.

Findings:

- The six TDRs form the basis of the existing network. While this framework is reasonable for regional marketing activities, the current lack of communication between TDRs limits marketing opportunities and collaboration within the tourism industry.
- There is no common framework for TDR Board structures and governance, although they appear to be evolving to meet the unique needs of their regions.
- Changes to the boundaries for the Heartland, South and North TDRs were recommended in the consultation process, by the Advisory Committee, and through additional written input from communities and tourism marketing organizations.
- Recommended changes to existing boundaries IF ACCEPTED must be implemented quickly to accommodate incorporation into marketing planning for next year.
- TDR boundaries are aligned with Statistics Canada census divisions and sub-divisions, which are used as the basis for generating market research and to track visitor expenditures and travel patterns in Alberta. This principle must be maintained in considering changes to existing TDR boundaries.
- There will likely be a cost to Alberta Economic Development associated with any boundary changes related to gathering market research data from Statistics Canada.

Recommendations:

1. Maintain six regions to provide stability within the industry and to allow for the successful implementation of the Strategic Tourism Marketing Plan.
2. Realign the boundaries between Alberta's North and Heartland, and Alberta's South and Heartland.
3. Immediately establish a working group chaired by the STMC to realign those boundaries in question (see Appendix 4 - Proposed Terms of Reference for a TDR Boundary Review).
4. There should be freedom for operators, communities and related tourism marketing organizations to participate in cross-marketing initiatives within or outside the TDR, without being constrained by DMO membership affiliation.
5. Develop strategies to link the TDRs to Travel Alberta marketing contractors.
6. Ensure the TDRs have access to market information and research which is cost effective, timely, consistent and portable.

Question # 3

Are changes required to the province's current funding arrangements with the TDRs? What are they?

Issues:

- There is a lack of consistency amongst the TDRs in how funds are allocated for administration and marketing programs.
- The TDRs feel they have to do more with less, as previous contracts with the ATPC in 1996/97 provided for considerably more funding for each TDR than

is currently being allocated, and funding was not based upon an equal allocation.

- The TDRs have concerns about the slowness in the advancement of contract funds to the individual TDR and its effect on marketing partnerships.

Findings:

- The equal allocation of funding to each TDR is an efficient way for government to administer and track funding. Allocations are not susceptible to lobbying/political intervention.
- Equal funding to each TDR does not address differing marketing objectives between rural, urban and Rocky Mountain TDRs.
- The establishment of the resident and national/international marketing contracts offer additional marketing opportunities that complement the existing budget of $1.5 million ($250,000 per TDR).
- There is a lack of strategic direction and coordination within TDR marketing activities.
- Travel Alberta is working with the TDRs to clarify and improve how funds can be accessed in a timely way to support marketing programs.
- The current one-year contracts with the TDRs limit their ability to fund programs that support longer-term marketing initiatives and partnerships.
- The in-kind contribution policy is viewed as extremely restrictive, with many marketing opportunities being lost as a result.
- TDRs do not have the resources to do performance measurement required under their contracts, or provide services outside of marketing.

Recommendations:

1. Funding for TDRs should form part of Alberta Economic Development's rolling three-year department business plan.
2. Maintain the current equal allocation of funding ($250,000 per TDR) through fiscal year 2000 – 2001.
3. A review of future allocation of funds to the TDRs should be undertaken on a business case and performance measures basis.
4. A clear statement of guidelines should be developed to explain additional funding strategies available to the TDRs through linkages with the residential and national/international contracts.
5. Develop an administration framework that supports effective marketing and operation of the TDR offices.
6. Develop strategies and guidelines for professional development for TDR managers.
7. Review existing TDR leveraging policies and in-kind funding as part of the overall leveraging analysis within the tourism marketing contract framework.
8. Calgary, Edmonton and Rocky Mountain TDRs to develop strategic plans in consultation with Travel Alberta in order to address the decline in national and international market share.

Question # 4

Was the process that was used in the fall and winter of 1998 effective in obtaining TDR input into how the TDR budgets for 1999/2000 were prepared? Did the process assist in the TDR marketing planning process? If not, what can be done to improve the business and budget planning process in the future?

Issues:

- The TDRs feel they did not have the opportunity to negotiate the terms of their contracts and funding arrangements.
- The TDRs are not participating in a unified manner in the planning and marketing for tourism in Alberta.

Findings:

- The process used to develop the overall Strategic Tourism Marketing Plan (STMP) is not the issue relative to the assignment of TDR budgets.
- The instability during the time the tourism framework was established makes it difficult to assess the effectiveness of a process used a year ago. Progress is being made in implementing the STMP, which contributes to industry stability.
- When TDR funding was established, the intention was to ensure that TDRs had funds for operational purposes, while other elements of the STMP were put in place.
- An Intranet has been established for industry communication since the Review process was started.
- Within the TDRs, there are varying levels of participation and understanding of the STMP and the role of Travel Alberta's marketing contractors.

Recommendations:

1. Ensure effective communication between the TDRs and Travel Alberta to:
   - Improve TDR use of technology (intranet and internet).
   - Profile TDR activities and personalities within the Travel Alberta Intranet site and Quarterly Newsletter.
   - Provide a networking process for TDRs to input to Travel Alberta and the Strategic Tourism Marketing Plan (STMP)
2. Travel Alberta, in concert with the TDRs, should develop a brochure that articulates the role, goals and objectives of TDRs.
3. Direct Travel Alberta to provide TDRs with marketing planning information and guidelines, prior to annual budgets and marketing plans being established.

Question # 5

What can be done to strengthen accountability for public funding allocated to the regional network marketing program in the new tourism marketing framework?

Issues:

- TDRs have stated they are unable to undertake comprehensive performance reporting with current financial and staff resources.
- There are numerous small marketing initiatives that the TDRs become involved with that make it very difficult to quantify seasonal or annual outcomes for performance reporting purposes.

Findings:

- The concept of accountability has two applications within the TDR review. In the first place, it responds to the administrative need to account for the

funding allocated to the region. Secondly, it anticipates a marketing return on investment and a mechanism to track it.

- The main issue on accountability is how the TDR marketing plans and budgets are planned and implemented in relationship to the STMP, Travel Alberta and its marketing contractors.

Recommendations:

Part One: Administrative

1. In consultations with the TDRs, simplify the current reporting structure to reflect the administrative responsibilities of the TDRs for the 2000 - 2001 budget year.
2. Require TDRs to publish a standardized annual report, in consultation with Travel Alberta.

Part Two: Marketing

1. Travel Alberta should establish a process to regularly review TDR marketing plans, objectives and budgets, and track progress and achievements.
2. Approval of the TDR marketing plan, by Travel Alberta is required prior to the allocation of provincial funding to the TDR.

Supplemental Question:

Are the TDRs willing to assume responsibilities for Visitor Information Centres?

Issues:

- There may be opportunities to have the eight provincial Visitor Information Centres (VICs) operated through contracts with other service providers.

Findings:

- There are additional potential costs to the TDRs which they could not absorb within their current budgets. Primarily, these would be related to manpower for administering either a VIC or a contract with another service provider.
- The industry at the regional level does not want resources diverted from marketing to VICs.
- There are concerns that if VICs were operated at the local level, staff may have a local orientation, and not be well trained enough to provide information for the whole province.

Recommendations:

1. Recommend status quo until a review of VIC contracting opportunities, currently underway through Alberta Economic Development, is completed.

APPENDIX 1

TOURISM DESTINATION REVIEW ADVISORY COMMITTEE MEMBERS

TDR Review
Industry Advisory Committee

COMMITTEE CHAIR(S)*

Ms. Jocelyn Burgener, M.L.A.
Calgary Currie Constituency
(May 25, 1999 – current)

Mr. Denis Herard, M.L.A.
Calgary Egmont Constituency
(February 1, 1999 – May 24, 1999)

MEMBERS

Mr. Ken Fiske
Edmonton Tourism, Edmonton
(Edmonton & Area TDR)

Ms. Tricia Freelend
Peace Island Tours, Peace River
(Alberta North TDR)

Ms. Cindy Guay
North Central Alberta Tourism Association
(Alberta's Heartland TDR)

Ms. Virginia Haahr
Big Country Tourist Association, Drumheller
(Alberta South TDR)

Mr. Doug Kryzanowski
Chinook Country Tourist Association,
Lethbridge
(Alberta South TDR)

Mr. Steve Lane
Big Lake Tourism, Slave Lake
(Alberta North TDR)

Mr. Rob Miller
Calgary Convention & Visitors Bureau, Calgary
(Calgary & Area TDR)

Mr. Jason Reimer
Sawridge Hotel, Fort McMurray
(Alberta North TDR)

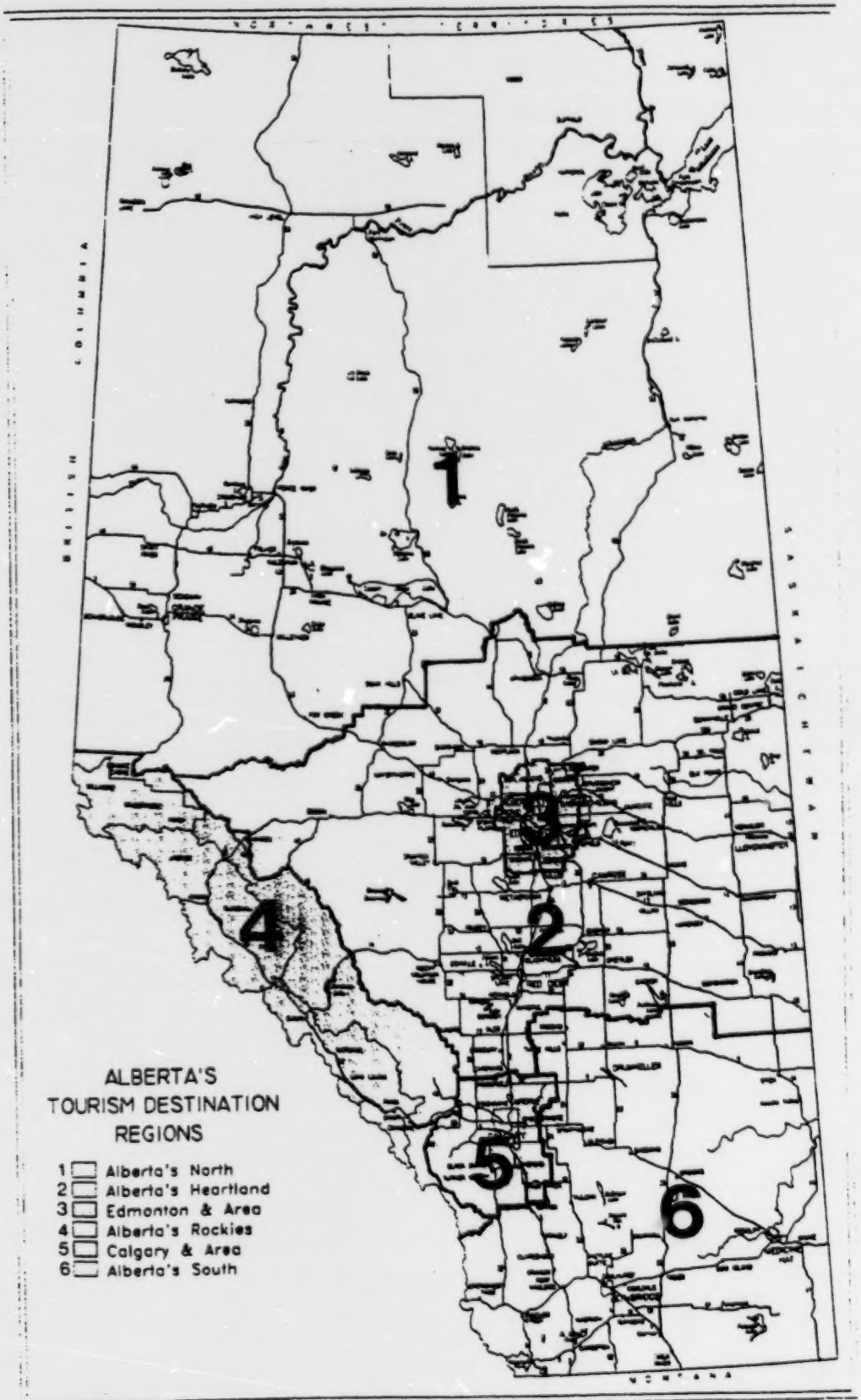
Ms. Anne Rothery
Wetaskiwin Chamber of Economic
Development & Tourism,
Wetaskiwin
(Alberta's Heartland TDR)

Ms. Jane Sullivan
Rocky Mountain TDR, Banff

Ms. Jackie Velcoff
Tourism Medicine Hat, Medicine Hat
(Alberta South TDR)

APPENDIX 2

MAP OF TOURISM DESTINATION REGIONS


ALBERTA'S
TOURISM DESTINATION
REGIONS
1 Alberta's North
2 Alberta's Heartland
3 Edmonton & Area
4 Alberta's Rockies
5 Calgary & Area
6 Alberta's South
1
2
3
4
5
6

APPENDIX 3

SUMMARY OF GPC COMMUNICATIONS KEY FINDINGS AND CONCLUSION OF THE CONSULTATION PROCESS

GPC COMMUNICATIONS CONSULTATION PROCESS

Key Findings Related to TDR Review Objectives

Following is a summary of what GPC heard through interviews with TDR administrators and Board members. The information is organized according to the objectives outlined in Section 1.1 of this document, including:

Assess if changes are required to:

- The existing TDR network
- The province's funding arrangements
- Strengthen accountability for public funding

by identifying:

- Strengths
- Weaknesses/problems
- Concerns expressed by TDR administration
- Issues identified by operators

"Issues identified by operators" pertain to "the existing TDR network" only, as the Operator Questionnaire did not explore funding and accountability issues. It was decided that operators would not be familiar enough with the province's funding arrangements with the TDRs, or expectations related to accountability, to be able to provide relevant feedback.

The Existing TDR Network

Strengths

- In each of the TDRs, Board structures appear to be evolving to meet the unique needs of their regions. The TDR Boards generally appear to comprise a cross-section of individuals who have various types of expertise, and members represent the interests of operators, DMOs/TMOs, and other industry stakeholders. In rural regions, DMO participation on Boards is especially important as DMO representatives are in direct contact with their operators. They provide support at a grassroots level by communicating with operators to identify local needs and marketing opportunities, and promoting TDR-funded programs and partnership initiatives. In the urban TDRs (Calgary & Area TDR and Edmonton & Area TDR), the TDR Managers do not rely

on their Boards to the same extent, as their smaller geographic regions allow them to better focus their efforts and respond directly to operators.

- Boundaries are necessarily part of an administrative framework and are generally effective for coordinating marketing efforts.

- Each region has unique products and services, and different target markets. The current network accommodates these regional differences in terms of the selection of marketing tools and tactics, strategies, etc.

- With the TDRs acting as central coordinating agencies:

  - Duplication of services and marketing tools is reduced;

  - Higher-quality marketing products (brochures, websites, etc.) are produced through an amalgamation of funds;

  - Consolidated marketing extends the reach and distribution of materials; and,

  - Better rates for advertising and trade shows can be negotiated due to larger volumes.

- Partnership marketing and coordinated efforts result in industry pulling together. TDRs encourage marketing organizations and operators to develop new and innovative solutions.

Weaknesses

- The currently instability of the system and perceived lack of government commitment make it difficult for the TDRs to develop long-term plans, or retain personnel (cannot offer long-term contracts).

- No formal communication protocol is in place to facilitate communication between the TDRs. While some TDRs work cooperatively on initiatives, exchanging ideas, issues and opportunities is time consuming and not a priority in view of other more immediate concerns.

- Communication with Travel Alberta has also deteriorated as a result of the ongoing transition and restructuring. There are perceived inefficiencies in terms of reporting, administration, defined expectations and general direction. Overall leadership and coordination appears to be lacking. One-window access to services – national/international marketing campaigns, resident campaigns, 1-800 number, general administration, policy development/direction, Visitor Information Centres, etc. – is needed to be truly efficient and ensure ongoing success.

- A lack of operator understanding related to the opportunities and efficiencies associated with marketing through partnerships/leveraging is a barrier to participation

(for many operators, there is no desire to look beyond the previous grant system). Larger operators understand, therefore are most likely to use – and benefit from – the system.

Concerns Expressed by TDR Administration

- While the existing system is effective in terms of marketing products and services by geographic regions, it is not as effective for marketing "products," or "packages," which can be situated in or across different regions. The TDRs have different priorities in terms of where their funding should be invested. Therefore, while there may be opportunity associated with cross-boundary promotion and/or partnership, funding is often allocated only to pre-defined programs and tools, with no money left for cooperative trans-boundary opportunities.

- From an administrative perspective, it is more difficult to manage Alberta North, Alberta South, and Heartland because of their size (Board communication and travel costs/time, diverse products, etc.).

- There is no single voice to advocate on behalf of industry.

- The lack of a dispute resolution process leaves the system vulnerable to influence.

- There is no dedicated role for assisting operators with product improvements and new product development (under the existing structure, advice and support does not translate into leveraged expenditures of funds).

- While boundaries do not prohibit operators from marketing with any particular TDR or DMO/TMO (in fact, many operators are involved in marketing initiatives with TDRs outside of their boundaries), the TDRs believe their primary obligation is to support operators within their defined boundaries. Unless they receive an increase in funding to accommodate increased responsibility, their limited resources cannot extend to operators who should technically be supported by other TDRs. While no specific changes were formally requested or recommended, it was suggested that some minor adjustments could be considered.

  The following regions (currently in Alberta's Heartland) expressed interest in joining Alberta North:

  - Athabasca;
  - White Court; and
  - Cold Lake.

It was suggested that Rocky Mountain TDR might be a better fit for the following:

- Kananaskis;
- Rocky Mountain House; and,
- Waterton Lakes.

It was also mentioned that:

- Swan Hills, currently within Alberta North's boundaries, has expressed interest in joining Heartland;
- Drumheller is considered by some to be too far north to belong to Alberta South; and,
- Jasper could be considered a natural link with Edmonton because of Yellowhead Highway.

Issues Identified by Operators

- There is a still a sense of big versus small, i.e., there is a perception that only the bigger operators benefit from government funding.
- Operators have difficulty differentiating between TDRs and DMOs.
- Regional differences are obvious in terms of what operators value and the kinds of tools they need.
- Operators have indicated that they are looking for consistency in terms of structure and programs.

Funding Arrangements

Strengths

- Equal allocation ($250,000 to each TDR) is an efficient way for government to administer and track funding.
- Allocations are not susceptible to lobbying/political intervention.

Weaknesses/Problems

- Equal funding to each TDR does not address very different needs, for example:
- Calgary & Area, Edmonton & Area, and Rocky Mountain TDRs have a greater international marketing focus (issues include the value of the Canadian dollar, greater cost, etc.)
- These three TDRs have greater capacity to leverage funding – they do not need the money as much as the rural TDRs, but can do a lot more with the funds they are allocated.

Concerns Expressed by TDR Administration

- The process to obtain the funding is inefficient and bureaucratic.
- Delays in receipt of funding are affecting the ability of some TDRs to act on opportunities (operators are also deterred from participating if they cannot move forward with plans in a timely manner).
- The in-kind contribution policy is viewed as extremely restrictive – many opportunities are being lost as a result.
- The success of the TDRs is dependent on having healthy DMOs (especially in the rural TDRs); therefore, should funding not be provided for DMO administration?

Accountability for Public Funding

Strengths

- Accountability from an administrative perspective is very clearly defined, as the process was developed and implemented by an accounting firm (PriceWaterhouseCoopers).

Weaknesses/Problems

- TDRs do not have the resources to effectively measure Return on Investment.
- Industry cannot produce the data required, as many factors impact tourism revenue, e.g., value of the Canadian dollar, the health of other economies, trends, long-lead time required for marketing programs to influence travel, etc.

Concerns Expressed by TDR Administration

- The TDR needs more support and information from the Province in terms of defining their needs, and how to conduct monitoring. Expectations are not clearly defined in terms of what is required.

- Reporting processes are excessive and take time/resources that could be better spent on marketing.

CONCLUSIONS ACCORDING TO TERMS OF REFERENCE

This section provides final conclusions, based on all evidence. There were four questions in the TDR Review Terms of Reference. They (and one supplemental question) are reproduced below, with answers.

Is the existing network of TDRs and the funding arrangement with the province the best mechanism for delivering provincial financial support for regional marketing activities in the long-term?

Industry believes that assistance with regional marketing should not be centralized, and that devolution to the regions is important. Industry also believes that grassroots identification of opportunities and grassroots delivery of programs are important.

- The TDR model satisfies these basic requirements. TDRs are definitely a good model; it is too early in the life of the program to determine if TDRs are the best model. Stability is the priority at this time. Industry is finding many benefits from TDRs. There are weaknesses and problems, but the weaknesses and problems can be addressed.

Are changes required to the existing TDR network? What are they?

Changes in these areas would improve TDR efficiency:

- Upgrading communication among the TDRs, Travel Alberta and Government;

- Fine-tuning boundaries; and,

- Resolving roles and leadership expectations for Alberta Economic Development and/ or Travel Alberta.

Are changes required to the province's current funding arrangements with the TDRs? What are they?

Changes in these areas would improve and/or clarify TDR effectiveness:

- Clarifying government commitment, especially to a multi-year funding formula (this would strengthen program development and address human resource issues).

- Responding more quickly to funding requests from TDRs, including faster turnaround on approval of business and marketing plans, and faster payments.

- Reviewing the implications of an equity-based formula providing equal allocation of funding for each TDR.

- Reviewing mechanisms for delivering product-based promotion programs (as addition to the TDR geographic-based programs).

What can be done to strengthen accountability for public funding allocated to the regional network market program in the new tourism marketing framework?

Industry believes that "accountability," understood as demonstrating to government that public funds are being disbursed as committed, is completely adequate. The reporting requirements are stringent, and are enforced. However, "accountability," understood as measurement of outcomes demonstrating that government funds were used effectively and efficiently, could be enhanced if these steps are taken:

- Government clarification of the meaning of the term "accountability," the indicators that will be taken as evidence, and the appropriate source data. For example, TDRs tend to assume that if industry buys in to programs, the TDR has done its job because industry participation is taken as an indicator of effectiveness. If government does not agree with this assumption, it needs to tell the TDRs what type of source data is required.

- Clarification of who will do the research to create accountability. Also, clarify the roles of the province and the TDRs, and ensure that each is able to fulfill the roles.

Supplemental Request – Explore Willingness of TDRs to assume responsibilities for Visitor Information Centres

The study was not able to provide a definitive answer. However, responses were generally not positive because,

- Industry does not want resources diverted from marketing to Visitor Information Centres.

- Industry emphasizes that staff in any VIC must be trained to know the entire province; their orientation cannot be local.

- Most TDRs would not want the additional responsibility.

APPENDIX 4

PROPOSED TERMS OF REFERENCE FOR TDR BOUNDARY REVIEW

TOURISM DESTINATION REGION BOUNDARY REVIEW

Draft Terms of Reference

A review of existing TDR boundaries for Alberta's South, Alberta North, and Heartland is proposed. Key factors to be taken into consideration for this review are:

- Geographic size and positioning
- Similarity in scope of products
- Market image and product compatibility
- Community and economic liaisons
- Financial implications of revenue derived from memberships at the Destination Marketing Organization level within the TDR
- Census Division boundaries